GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA

UNSTARRED QUESTION NO:952
ANSWERED ON:24.11.2000
RISE IN PRICES OF PDS FOODGRAINS
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Public Distribution System has been badly affected bythe rise in prices of rice and wheat which are supplied through PDS in all the States especially in Kerala;

(b) if so, the details thereof;

(c) the losses suffered by Food Corporation of India due to delay in releasing PDS items to the States; and

(d) the steps taken by the Government to remedy the situation?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI CHAUHAN)

(a) & (b) : With a view to neutralise the financial burden consequent upon the hike in Minimum Support Price (MSP)/Procurement Price and to contain the food subsidy budget to a manageable level, Central Issue Prices (CIPs) of PDS foodgrains are revised from time to time. The CIPs of foodgrains being distributed under PDS were hiked on 1.4.2000which have beensubsequently revised downwards on 25.7.2000 for all the States/UTs (including Kerala). The prices of PDS foodgrains are still lower than theopen market prices, specially for the people living below poverty line (BPL). The allocation of foodgrains for BPL families is now made @ 20 kg. per family per month on the basis of projection of population by Registrar General as on 1.3.2000 instead of earlier projection of population in 1995.

(c) There is no delay on part of FCI to release the stocks. As per thereports received from the State Governments offtake of foodgrains from Fair Price Shops in respect of BPL families, has not been affected. However, the offtake of APL foodgrains has been reduced in some states after increase in Central Issue Price (CIP) w.e.f. 1.4.2000. Subsidy on foodgrains for APLpopulation has been withdrawn. Hence there is no loss to the Government of India on this account.

(d) The Government have taken the following steps to reduce the excess stocks from the Central Pool.

(i) Open sale of wheat at reduced prices has been started from 11.7.2000.

(ii) Open sale of rice has been stared from 4.9.2000.

(iii) The Central Issue Prices of wheat and rice were revised down-wards on 25.7.2000 .

(iv) The CIPs of rice and wheat for APL families have been fixed at 100% of the economic cost or the open market sale price decided by the FCI from time to time, whichever is lower. The open market rates being less than the economic cost, the States can avail of this offer and make foodgrains available to APL population at reduced rates.

(v) The allocation of foodgrains for BPL families @ 20 kg per family per month is now being made on the basis of population projections of the Registrar General as on 1.3.2000 instead of projected population of 1995.

(vi) Food grains at BPL rates are available for allotment to State Government @ 5 kg. per head per month for covering categories of indigent people living in welfare institutions such as beggar homes, hostels for SC/ST /backwardstudent / Nari Niketans etc. sponsored by the state Governments and the concerned administrative Ministry of the Government of India. Foodgrains can now be allocated under the Annapoorna Scheme to indigent old persons even in the case of those receiving old-age pension from the State Governments.

(vii) Foodgrains at CIP applicable for BPL families will be allocated forall welfare schemes implemented by the various Ministries of the Government of India.

(viii) Foodgrains at the rates applicable for BPL families will be allottedto the State Governments for undertaking `Food for Work` programmes in the States, as also for the Greening India Campaign .

(ix) Foodgrains will be allocated at BPL rates for development schemes (where the beneficiaries belong to the BPL category),

implemented by NGOs sponsored by the state Governments and endorsed by the administrativeMinistry in the Government of India, as also by international organizations like World Food Programme.

(x) FCI has been permitted to offer wheat for export at a price not lowerthan the CIP for BPL category which, at present, is Rs.4150/- per MT.